GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3083
ANSWERED ON:12.08.2005
INSURANCE FOR MOBILE HANDSET
Jha Shri Raghunath

Will the Minister of FINANCE be pleased to state:

(a) whether before providing of insurance cover for Special Contingency Policy (SCP) for the mobile handsets by National Insurance Company Limited and Oriental Insurance Company Limited, instructions issued on the subject were not followed by them resulting into loss of crorers of rupees;

(b) whether C&AG has gone into the matter extensively in Chapter X of their report No. 4 of 2005 and lias brought out many irregularities; ami

(c) if so, the details of the action taken on each of the observations?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c): Comptroller and Auditor General in its report (No.4 of 2005 (PSUs) has observed that while underwriting the non-conventional policies, which had serious financial implications, the operating offices did not exercise due diligence and caution and did not ensure the compliance of guidelines issued by Insurance Regulatory and Development Authority (IRDA), General Insurers` (Public Sector) Association of India (GIPSA) and Head Office of National Insurance Company Ltd. (NIC) / Oriental Insurance Company Ltd. (OIC). Government has asked for the comments of NIC arid OIC on different points raised by CAG in its report No.4 of 2005. Action taken on each of the observations will be communicated to CAG after examining the comments of the Companies.